

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS  
OF SAN BERNARDINO COUNTY, CALIFORNIA  
AND RECORD OF ACTION**

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**March 4, 2003**

**FROM:**       **LARRY WALKER**, Auditor/Controller-Recorder  
Auditor/Controller-Recorder

**SUBJECT:   APPROVE REQUEST FOR PROPOSAL FOR MULTI-YEAR AUDITING  
SERVICES FOR SAN BERNARDINO COUNTY**

**RECOMMENDATION:**

1. APPROVE Request For Proposal (RFP), for the annual Financial/Single Audit for the Fiscal Years ending June 30, 2003, June 30, 2004, and June 30, 2005.
2. AUTHORIZE the Auditor/Controller-Recorder to issue the RFP.

**BACKGROUND INFORMATION:** The Single Audit Act of 1984, Federal Public law 98-502 and OMB Circular A-133 require each state and local government receiving Financial Assistance of \$300,000 or more to have an audit by an independent auditor. Further, Government Code Section 25253 makes it the responsibility of the Board to cause to be prepared and published a statistical report showing all the financial transactions of the County for the last fiscal year. Also, Article V, Section 8 of the County Charter requires the County to employ an accountant licensed by the State of California to make a thorough audit and report as to the condition of the accounts and records of the Auditor's Office. Additionally, the annually audited financial statements enhance the position of the County in the financial market.

It has been the policy of the Auditor/Controller-Recorder's Office to negotiate a multi-year contract up to three years and issue an RFP every three years. The current auditors, KPMG, LLP, have served during fiscal years 2000-2002. It is now time to issue a new RFP for the period 2003-2005. The County is required to meet certain deadlines for the filing of the CAFR (and other financial information) with certain dissemination agents and entities such as letter of credit providers. As a result, the successful vendor will be required to provide their draft audit report on the Arrowhead Regional Medical Center (ARMC) by October 15<sup>th</sup> of each year and their opinion letter on the CAFR by December 15<sup>th</sup> of each year.

To meet the due dates, the County will pay the successful vendor a lump-sum of \$5,000 if the draft ARMC audit report is received by October 15<sup>th</sup> or the first business day thereafter and another \$5,000 if the CAFR opinion letter is received by December 15<sup>th</sup> or the first business day thereafter. In addition, the County will pay the successful vendor an additional \$1,000 per calendar day of incentive for each day the CAFR opinion letter is received prior to December 15<sup>th</sup>, up to a maximum of \$10,000.

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A committee consisting of members from the Auditor/Controller-Recorder, Purchasing Department, the CAO and the Arrowhead Regional Medical Center will evaluate the proposals.

**REVIEW BY OTHERS:** This item has been reviewed by Purchasing Department (Allen Sanchez, Contract Analyst) on February 4, 2003; County Counsel (Kevin L. Norris, Deputy County Counsel) on February 4, 2003; and the County Administrative Office (Tracy Lindsay, Administrative Analyst) on February 20, 2003.

**FINANCIAL IMPACT:** The cost of the annual audit, which includes the incentive, is included in the Auditor/Controller-Recorder appropriations, and is anticipated to be between \$160,000 to \$200,000 per fiscal year.

**SUPERVISORIAL DISTRICT(S):** All

**PRESENTER:** Larry Walker

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